



California Public Utilities Commission

505 Van Ness Avenue, San Francisco, CA 94102

News Release

FOR IMMEDIATE RELEASE

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PUC REDUCES RATES FOR SDG&E RESULTING FROM REFUNDS FROM GENERATORS

SAN FRANCISCO, September 8, 2005 - The California Public Utilities Commission (PUC) today lowered the electricity rates of San Diego Gas and Electric Company (SDG&E) by a total system average rate of 0.32 cents per kilowatt-hour (kWh), or 2.4 percent.

The decrease results from the combined refund payments of \$38 million from the Mirant electric generator settlement and the El Paso Natural Gas settlement. Rates are reduced for all consumption not subject to Assembly Bill (AB) 1X rate caps.

The reduction amortizes a \$50.3 million overcollection in the utility's Energy Resource Recovery Account (ERRA) and will be amortized over a 12-month period. SDG&E's ERRA is subject to a trigger mechanism that requires the filing of an application at any time that the recorded monthly balance (undercollection or overcollection) exceeds a 4 percent trigger point. The trigger mechanism considers the relationship between the ERRA balance and the prior year's electric revenues. SDG&E is required to file an application with the Commission when the ERRA balance reaches 4 percent of the prior year's recorded electric revenues. The application must include a projected account balance in 60 days or more from the date of filing, depending upon when the balance will reach a 5 percent threshold, propose an amortization period for the 5 percent of not less than 90 days, and include a proposed allocation of the over-and-under collection among customers for rate adjustment based on existing allocation methodology recognized by the Commission.

The recorded balance in SDG&E's ERRA at April 30, 2005, was a \$7.9 million overcollection. In May 2005, SDG&E received combined refund payments of \$38 million from the Mirant electric generator settlement and the El Paso Natural Gas settlement that were credited to the ERRA. As a result of the refunds, the recorded balance in the ERRA at May 31, 2005, increased to

a \$50.3 million overcollection, or 11.5 percent of the prior year's electric revenue, exceeding the 4 percent trigger point.

For more information on the PUC, please visit www.cpuc.ca.gov.

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